

Monthly Operating Report

CASE NAME: Superior Air Parts Inc
CASE NUMBER: 08-36705-BJH-11
JUDGE:

ACCRUAL BASIS

02/13/95, RWD, 2/96, RWD, 7/99

UNITED STATES BANKRUPTCY COURT
Northern DISTRICT OF Texas
Dallas DIVISION

MONTHLY OPERATING REPORT

MONTH ENDING: January, 2009

I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT (ACCRUAL BASIS-1 THROUGH ACCRUAL BASIS-7) AND THE ACCOMPANYING ATTACHMENTS AND THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE. DECLARATION OF THE PREPARER IS BASED ON ALL INFORMATION OF WHICH PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY:


ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

Kent Abercrombie
PRINTED NAME OF RESPONSIBLE PARTY

President / CEO

TITLE

2/20/2009

DATE

PREPARER:


ORIGINAL SIGNATURE OF PREPARER

Keint Abercrombie
PRINTED NAME OF PREPARER

Presidnet / CEO

TITLE

2/20/2009

DATE

CASE NAME: SUPERIOR AIR PARTS, INC.
CASE NUMBER: 08-36705-BJH-11

ACCRUAL BASIS-1

COMPARATIVE BALANCE SHEET

ASSETS	SCHEDULE AMOUNT	MONTH	MONTH	MONTH
1. UNRESTRICTED CASH	412,357	1,113,948		
2. RESTRICTED CASH	0	291,195		
3. TOTAL CASH	412,357	1,405,143	0	0
4. ACCOUNTS RECEIVABLE (NET)	5,392,055	6,187,448		
5. INVENTORY	11,158,744	9,924,648		
6. NOTES RECEIVABLE	0	0		
7. PREPAID EXPENSES	85,107	323,822		
8. OTHER (ATTACH LIST)	13,385	0		
9. TOTAL CURRENT ASSETS	16,649,291	16,435,918	0	0
10. PROPERTY, PLANT, & EQUIPMENT	1,062,565	6,491,589		
11. LESS: ACCUMULATED DEPRECIATION/DEPLETION	0	5,193,136		
12. NET PROPERTY, PLANT & EQUIPMENT	1,062,565	1,298,453	0	0
13. DUE FROM INSIDERS	0	0		
14. OTHER ASSETS - NET OF AMORTIZATION (ATTACH LIST)	0	1,194,515		
15. OTHER (ATTACH LIST)	15,471	0		
16. TOTAL ASSETS	18,139,684	20,334,029	0	0
POSTPETITION LIABILITIES				
17. ACOCUNTS PAYABLE		456,820		
18. TAXES PAYABLE		301,804		
19. NOTES PAYABLE		51,555		
20. PROFESSIONAL FEES		133,731		
21. SECURED DEBT				
22. OTHER (ATTACH LIST)		33,764		
23. TOTAL POSTPETITION LIABILITIES	0	977,674	0	0
PREPETITION LIABILITIES				
24. SECURED DEBT	10,291,701	10,146,611		
25. PRIORITY DEBT	74,641	0		
26. UNSECURED DEBT	16,897,517	16,949,094		
27. OTHER (ATTACH LIST)	0	3,310,194		
28. TOTAL PREPETITION LIABILITIES	27,263,859	30,405,899	0	0
29. TOTAL LIABILITIES	27,263,859	31,383,573	0	0
EQUITY				
30. PREPETITION OWNERS' EQUITY		(11,010,850)		
31. POSTPETITION CUMULATIVE PROFIT OR (LOSS)		(38,692)		
32. DIRECT CHARGES TO EQUITY (ATTACH EXPLANATION)				
33. TOTAL EQUITY	0	(11,049,542)	0	0
34. TOTAL LIABILITIES & OWNERS EQUITY	27,263,859	20,334,031	0	0

Accrual Basis - 1 Attachment

14. Other Assts	
PMAs	1,172,851
Engine Manuals	<u>21,664</u>
	1,194,515
22. Other	
Accrued Profit Sharing	3,685
401(K) Contribution Payable	3,808
401(K) Employer Match	2,535
Accrued Insurance - SIR	(45,000)
Piston Warranty	(2,720)
Accrued Advertising	4,994
Deferred Core Profit	(1,625)
Deferred Core Profit - Contra	<u>560</u>
	(33,764)
27. Other	
Accrued Payroll	(11,783)
Accrued Vacation Pay	(57,237)
Accrued Profit Sharing	(3,878)
401(K) Contribution Payable	(5,997)
401(K) Employer Match	(3,215)
Accrued Bonuses	-
Accrued Insurance - SIR	(1,855,797)
Accrued Scrap	(10,000)
Piston Warranty	(876,390)
Mil Engine Warranty	(227,209)
520 Cylinder Reserve	(207,177)
Accrued Advertising	(14,428)
Deferred Core Profit	(121,228)
Deferred Core Profit - Contra	124,526
Sales Ret & Allow Reserve	<u>(40,382)</u>
	(3,310,194)

CASE NAME: SUPERIOR AIR PARTS, INC.
CASE NUMBER: 08-36705-BJH-11

ACCRUAL BASIS-2

INCOME STATEMENT

	MONTH	MONTH	MONTH	QUARTER TOTAL
REVENUES				
1. GROSS REVENUES	1,995,305			1,995,305
2. LESS: RETURNS & DISCOUNTS	90,642			90,642
3. NET REVENUE	1,904,663			1,904,663
COST OF GOODS SOLD				
4. MATERIAL	1,225,954			1,225,954
5. DIRECT LABOR	0			0
6. DIRECT OVERHEAD	0			0
7. TOTAL COST OF GOODS SOLD	1,225,954			1,225,954
8. GROSS PROFIT	678,709			678,709
OPERATING EXPENSES				
9. OFFICER/INSIDER COMPENSATION	11,000			11,000
10. SELLING & MARKETING	7,315			7,315
11. GENERAL & ADMINISTRATIVE	483,845			483,845
12. RENT & LEASE	33,936			33,936
13. OTHER (ATTACH LIST)	0			0
14. TOTAL OPERATING EXPENSES	536,096			536,096
INCOME BEFORE NON-OPERATING INCOME & EXPENSE	142,613			142,613
OTHER INCOME & EXPENSES				
16. NON-OPERATING INCOME (ATT. LIST)	0			0
17. NON-OPERATING EXPENSE (ATT. LIST)	0			0
18. INTEREST EXPENSE	49,944			49,944
19. DEPRECIATION/DEPLETION	50,350			50,350
20. AMORTIZATION	26,198			26,198
21. OTHER (ATTACH LIST)	0			0
22. NET OTHER INCOME & EXPENSES	126,492			126,492
REORGANIZATION EXPENSES				
23. PROFESSIONAL FEES	0			0
24. U.S. TRUSTEE FEES	325			325
25. OTHER (ATTACH LIST)	0			0
26. TOTAL REORGANIZATION EXPENSES	325			325
27. INCOME TAX	1,667			1,667
28. NET PROFIT (LOSS)	14,129			14,129

CASE NAME: SUPERIOR AIR PARTS, INC.
CASE NUMBER: 08-36705-BJH-11

ACCRUAL BASIS-3

INCOME STATEMENT				
CASH RECEIPTS AND DISBURSEMENTS	MONTH	MONTH	MONTH	QUARTER TOTAL
1. CASH - BEGINNING OF MONTH	489,772			489,772
RECEIPTS FROM OPERATIONS				
2. CASH SALES	0			0
COLLECTION OF ACCOUNTS RECEIVABLE				
3. PREPETITION	0			0
4. POSTPETITION	927,778			927,778
5. TOTAL OPERATING RECEIPTS	927,778	0	0	927,778
NON-OPERATING RECEIPTS				
6. LOANS & ADVANCES (ATTACH LIST)	0			0
7. SALE OF ASSETS	0			0
8. OTHER (ATTACH LIST)	0			0
9. TOTAL NON-OPERATING RECEIPTS	0	0	0	0
10. TOTAL RECEIPTS	927,778	0	0	927,778
11. TOTAL CASH AVAILABLE	1,417,550	0	0	1,417,550
OPERATING DISBURSEMENTS				
12. NET PAYROLL	72,395			72,395
13. PAYROLL TAXES PAID	55,858			55,858
14. SALES, USE, & OTHER TAXES PAID	106,358			106,358
15. SECURED/RENTAL/LEASES	34,865			34,865
16. UTILITIES	0			0
17. INSURANCE	6,270			6,270
18. INVENTORY PURCHASES	0			0
19. VEHICLE EXPENSES	0			0
20. TRAVEL	0			0
21. ENTERTAINMENT	0			0
22. REPAIRS & MAINTENANCE	0			0
23. SUPPLIES	0			0
24. ADVERTISING	0			0
25. OTHER (ATTACH LIST)	29,028			29,028
26. TOTAL OPERATING DISBURSEMENTS	304,774	0	0	304,774
REORGANIZATION EXPENSES				
27. PROFESSIONAL FEES	0			0
28. U.S. TRUSTEE FEES	0			0
29. OTHER (ATTACH LIST)	0			0
30. TOTAL REORGANIZATION EXPENSES	0	0	0	0
31. TOTAL DISBURSEMENTS	304,774	0	0	304,774
32. NET CASH FLOW	623,004	0	0	623,004
33. CASH - END OF MONTH	1,112,776	0	0	1,112,776

Accrual Basis - 3 Attachment

25. Other

UPS Deposit	27,588
Check Fees	16
Credit Card fees	253
City of Coppell	10
Bank fees	<u>1,161</u>
	29,028

CASE NAME: SUPERIOR AIR PARTS, INC.

ACCRUAL BASIS-4

CASE NUMBER: 08-36705-BJH-11

ACCOUNTS RECEIVABLE AGING		SCHEDULE AMOUNT	MONTH	MONTH	MONTH
1.	0-30	1,746,699	2,356,272		
2.	31-60	129,130	405,439		
3.	61-90	48,258	72,248		
4.	91+	3,467,968	3,523,074		
5.	TOTAL ACCOUNTS RECEIVABLE	5,392,055	6,357,033	0	0
6.	AMOUNT CONSIDERED UNCOLLECTIBLE	0	4,096,264		
7.	ACCOUNTS RECEIVABLE (NET)	5,392,055	2,260,769	0	0

AGING OF POSTPETITION TAXES AND PAYABLES

TAXES PAYABLE	0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS	TOTAL
1. FEDERAL					0
2. STATE					0
3. LOCAL					0
4. OTHER (ATTACH LIST)					0
5. TOTAL TAXES PAYABLE					0
6. ACCOUNTS PAYABLE	29,269	363			29,632

STATUS OF POSTPETITION TAXES

	BEGINNING TAX LIABILITY*	AMOUNT WITHHELD AND OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY
FEDERAL				
1. WITHHOLDING**	0	9,614	9,614	0
2. FICA - EMPLOYEE**	0	4,812	4,812	0
3. FICA - EMPLOYER**	0	4,812	4,812	0
4. UNEMPLOYMENT	0	575	575	0
5. INCOME	0	0	0	0
6. OTHER (ATTACH LIST)	0	2,251	2,251	0
7. TOTAL FEDERAL TAXES	0	22,064	22,064	0
STATE AND LOCAL				
8. WITHHOLDING	0	0	0	0
9. SALES	0	1,988	0	1,988
10. EXCISE	0	0	0	0
11. UNEMPLOYMENT	0	2,716	2,716	0
12. REAL PROPERTY	0	0	0	0
13. PERSONAL PROPERTY	0	0	0	0
14. OTHER (ATTACH LIST)	0	0	0	0
15. TOTAL STATE & LOCAL	0	4,704	2,716	1,988
16. TOTAL TAXES	0	26,768	24,780	1,988

* The beginning tax liability should represent the liability from the prior month or, if this is the first operating report, the amount should be zero.

** Attach photocopies of IRS Form 6123 or your FTD coupon and payment receipt to verify payment or deposit.

DEPARTMENT	HOURS	Reg / O/T	Hours 3 & 4	EARNINGS	GROSS	STATUTORY DEDUCTIONS	VOL DEDS.	NET PAY
* * GRAND TOTAL * *				Earn 3 & 4	Earn 5	Federal	State/Local	
				Reg / O/T	NO. PAYS:	15	NET CASH:	27,889.00

Hours 3,4 Analysis:

H	HOL	240.00	V	VAC	52.00
S	SICK	9.82			
		Total		301.82	

Earnings 3,4,5 Analysis:

H	HOL	1,607.36	V	VAC	457.44
S	SICK	177.44			
		Total		2,242.24	

Memo Analysis:

N.	K	401MTC	742.89
		Total	742.89

State Analysis:

TX	STATE	TAX	WAGES	BY STATE	FIT
		Total		4,690.03	

Federal Taxable Analysis and

Employer Unemployment Liability	TAXABLE	PCT	TAX
FUTA	35,823.22	.80	4,690.03
Social Security-EE	38,164.76	6.20	2,366.23
Social Security-ER	38,164.76	6.20	2,366.22
Medicare-EE	38,164.76	1.45	553.38
Medicare-ER	38,164.76	1.45	553.39

State Taxable Analysis and

Employer Unemployment Liability	TAXABLE	PCT	TAX
TX SU1	39,974.83	2.7000	1,079.32
Total	39,974.83		1,079.32

Federal

Deposit Liability	TOTAL
Federal Tax	4,690.03
Earned Income Credit Advances	
Social Security	
EE Amount Withheld	2,366.23
ER Taxable X 6.20%	2,366.22
Total Social Security	4,732.45
Medicare	
EE Amount Withheld	553.38
ER Taxable X 1.45%	553.39
Total Medicare	1,106.77
Total	10,529.25

ALL CROSSFOOTS OK

Deduction Analysis	
A COLPRE	33.57
B COLPST	31.87
F K LOAN	193.30
H HLTH	1,776.50
J	99.41
K 401K	2,341.54
W CHK	27,639.00
X CHK2	150.00
Z SAV2	100.00
Total	32,365.19

Cafeteria 125

Deduction Analysis	
A - MED	33.57
H - MED	1,776.50
Total	1,810.07



Payroll Summary

SUPERIOR AIR PARTS

Company Code: PS7

Batch: 3140-062

Period Ending: 01/11/2009

Week 03

Pay Date: 01/16/2009

Page 9

ITEM/DESCRIPTION	JURISDICTION	TAXABLE	LIABILITY	FEDERAL INCOME TAX BY STATE
NET CASH (NET MINUS VOIDS PLUS DEPOSITS)			27,889.00	
FEDERAL PAYROLL TAX				
FEDERAL INCOME TAX				
EARNED INCOME CREDIT ADVANCES				
SOCIAL SECURITY EMPLOYEE AMT WITHHELD				
SOC SEC ER TXBL		35,823.22		
MEDICARE EMPLOYEE AMT WITHHELD				
MEDICARE ER TXBL				
FEDERAL DEPOSIT LIABILITY			10,529.25	
FUTA				
STATE INCOME TAX				
WITHHELD	TEXAS	38,164.76 X .80	305.32	
EMPLOYER SUI/SDI	TEXAS	.00	.00	4,690.03
EMPLOYER SUI/SDI	TEXAS	39,974.83 X 2.7000%	1,079.32	
COMPANY RECAP			39,802.89	4,690.03

DEPARTMENT	HOURS	EARNINGS	GROSS	STATUTORY DEDUCTIONS	VOL DEDS.	NET PAY
	Reg / O/T	Hours 3 & 4	Earn 3 & 4	Federal	State/Local	
* * GRAND TOTAL * *			NO. PAYS:	15 NET CASH:	28,973.46	

Hours 3,4 Analysis:					Earnings 3,4,5 Analysis:					Memo Analysis:						
S	SICK	26.22	V	VAC	16.00	S	SICK	230.73	V	VAC	680.22	N.	K	401MTC	33.57	
Total					42.22	Total					571.37	Total				680.22
State Analysis:					FIT	State Taxable Analysis and					Deduction Analysis					
TX	STATE TAX	WAGES	BY STATE	TX	4,923.86	TX	SUI	TAXABLE	PCT	TAX	A	COLPRE	B	COLPST	31.87	
Total	4,923.86				4,923.86	Total	39,350.33				1,636.97	F	K LOAN	H	HLTH	1,776.50
Federal Taxable Analysis and					Federal Tax	Employer Unemployment Liability					Cafeteria 125					
Federal	TAXABLE	PCT	TAX	Federal	4,923.86	TX	SUI	TAXABLE	PCT	TAX	A	- MED	H	- MED	1,776.50	
FUTA	37,255.19	.80	269.33	FUTA	269.33	Total	39,350.33				1,636.97	J	TERMLF	Total	1,810.07	
Social Security-EE	39,444.12	6.20	2,445.51	Social Security-EE	2,445.51											
Social Security-ER	39,444.12	6.20	2,445.54	Social Security-ER	2,445.54											
Medicare-EE	39,444.12	1.45	571.95	Medicare-EE	571.95											

ITEM/DESCRIPTION	JURISDICTION	TAXABLE	LIABILITY	FEDERAL INCOME TAX BY STATE
NET CASH (NET MINUS VOIDS PLUS DEPOSITS)			28,973.46	
FEDERAL PAYROLL TAX				
FEDERAL INCOME TAX				
EARNED INCOME CREDIT ADVANCES		37,255.19		
SOCIAL SECURITY EMPLOYEE AMT WITHHELD				
SOC SEC ER TXBL				
MEDICARE EMPLOYEE AMT WITHHELD				
MEDICARE ER TXBL				
FEDERAL DEPOSIT LIABILITY			10,958.80	
FUTA		39,666.34 X .80	269.33	
STATE INCOME TAX	TEXAS	.00	.00	4,923.86
EMPLOYER SUI/SDI	TEXAS	39,350.33 X 4.1600%	1,636.97	
COMPANY RECAP			41,838.56	4,923.86

CASE NAME: SUPERIOR AIR PARTS, INC.
CASE NUMBER: 08-36705-BJH-11

ACCRUAL BASIS-5

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll, and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, governmental obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

MONTH: _____

BANK RECONCILIATIONS		Account #1	Account #2	Account #3	TOTAL
A.	BANK: JPMORGAN CHASE	JPM CHASE	JPM CHASE	JPM CHASE	
B.	ACCOUNT NUMBER:	790437578	790438485	790438568	
C.	PURPOSE (TYPE):	Operating	Payroll	AVCO	
1.	BALANCE PER BANK STATEMENT	1,112,276	0	291,195	1,403,471
2.	ADD: TOTAL DEPOSITS NOT CREDITED	0	0	0	0
3.	SUBTRACT: OUTSTANDING CHECKS	0	0	0	0
4.	OTHER RECONCILING ITEMS	0	0	0	0
5.	MONTH END BALANCE PER BOOKS	1,112,276	0	291,195	1,403,471
6.	NUMBER OF LAST CHECK WRITTEN	70041		Wires only	70041

INVESTMENT ACCOUNTS		DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7.	BANK, ACCOUNT NAME, & NUMBER				
8.					
9.					
10.					
11.	TOTAL INVESTMENTS			0	0

CASH	
12.	CURRENCY ON HAND
13.	TOTAL CASH - END OF MONTH

500

1,403,971

CASE NAME: SUPERIOR AIR PARTS, INC.
CASE NUMBER: 08-36705-BJH-11

ACCRUAL BASIS-5

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll, and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, governmental obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

MONTH: _____

BANK RECONCILIATIONS		Account #1	Account #2	Account #3	TOTAL
A.	BANK: JPMORGAN CHASE	JPM CHASE	JPM CHASE	JPM CHASE	
B.	ACCOUNT NUMBER:	790438162	790438501		
C.	PURPOSE (TYPE):	AP	Section 125		
1.	BALANCE PER BANK STATEMENT	0	0	0	0
2.	ADD: TOTAL DEPOSITS NOT CREDITED	0	0	0	0
3.	SUBTRACT: OUTSTANDING CHECKS	0	0	0	0
4.	OTHER RECONCILING ITEMS	0	0	0	0
5.	MONTH END BALANCE PER BOOKS	0	0	0	0
6.	NUMBER OF LAST CHECK WRITTEN				0

INVESTMENT ACCOUNTS		DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7.	BANK, ACCOUNT NAME, & NUMBER				
8.					
9.					
10.					
11.	TOTAL INVESTMENTS			0	0

CASH		
12.	CURRENCY ON HAND	0
13.	TOTAL CASH - END OF MONTH	0

CASE NAME: SUPERIOR AIR PARTS, INC.

ACCRUAL BASIS-6

CASE NUMBER: 08-36705-BJH-11

MONTH: _____

OF THE TOTAL DISBURSEMENTS SHOWN FOR THE MONTH, LIST THE AMOUNT PAID TO INSIDERS (AS DEFINED IN SECTION 101 (31) (A)-(F) OF THE U.S. BANKRUPTCY CODE) AND TO PROFESSIONALS. ALSO, FOR PAYMENTS TO INSIDERS, IDENTIFY THE TYPE OF COMPENSATION PAID (e.g. SALARY, BONUS, COMMISSIONS, INSURANCE, HOUSING ALLOWANCE, TRAVEL, CAR ALLOWANCE, ETC.). ATTACH ADDITIONAL SHEETS IF NECESSARY

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
1. Kent Abercrombie	Payroll	11,000	11,000
2.			
3.			
4.			
5.			
6. TOTAL PAYMENTS TO INSIDERS			11,000

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID*
g. 1. STRASBURGER					135,000
2. CORPORATE FINANCE PARTNERS					
3.					
4.					
5.					
6. TOTAL PAYMENTS TO PROFESSIONALS		0	0	0	135,000

* INCLUDE ALL FEES INCURRED, BOTH APPROVED, AND UNAPPROVED

POSTPETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING MONTH	TOTAL UNPAID POSTPETITION
1. TEXAS DUGAN	34,387	34,387	0
2. AICCO	5,971	0	5,971
3. GREAT AMERICAN LEASING	734	0	734
4. PRINT, INC.	1,310	0	1,310
5. ARAMARK	240	240	0
6. DALLAS RECYCLING	238	238	0
7. ERVIN LEASING	301	0	301
8. TYGRIS VENDOR	5,339	0	5,339
9. TOTAL	48,520	34,865	13,655

CASE NAME: SUPERIOR AIR PARTS, INC.

ACCRUAL BASIS-7

CASE NUMBER: 08-36705-BJH-11

MONTH: _____

QUESTIONNAIRE

	YES	NO
1. HAVE ANY ASSETS BEEN SOLD OR TRANSFERRED OUTSIDE THE NORMAL COURSE OF BUSINESS THIS REPORTING PERIOD?		X
2. HAVE ANY FUNDS BEEN DISBURSED FROM ANY ACCOUNT OTHER THAN A DEBTOR IN POSSESSION ACCOUNT?		X
3. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES?		X
4. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD?	X	
5. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY?	X	
6. ARE ANY POSTPETITION PAYROLL TAXES DUE?		X
7. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE?		X
8. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE?		X
9. ARE ANY OTHER POSTPETITION TAXES PAST DUE?		X
10. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT?		X
11. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD?	X	
12. ARE ANY WAGE PAYMENTS PAST DUE?		X

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES," PROVIDE A DETAILED EXPLANATION OF EACH ITEM. ATTACH ADDITIONAL SHEETS IF NECESSARY.

Prepetition liabilities of payroll taxes, contract labor, 401(k), insurance, section 125 plan, and employee expense reports have been paid per filings. Prepetition local taxes have been paid.

A loan of \$350,000 was received from AVCO in relation to their Asset Purchase Agreement to fund the notification of the bankruptcy proceedings.

INSURANCE

	YES	NO
1. ARE WORKER'S COMPENSATION, GENERAL LIABILITY AND OTHER NECESSARY INSURANCE COVERAGES IN EFFECT?	X	
2. ARE ALL PREMIUM PAYMENTS PAID CURRENT?	X	
3. PLEASE ITEMIZE POLICIES BELOW.		

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "NO," OR IF ANY POLICIES HAVE BEEN CANCELLED OR NOT RENEWED DURING THIS REPORTING PERIOD, PROVIDE AN EXPLANATION BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSTALLMENT PAYMENTS

TYPE OF POLICY	CARRIER	PERIOD COVERED	PAYMENT AMOUNT & FREQUENCY
Product Liability Insurance	AIG and others	Sep 08 - Aug 09	391,875 quarterly
Product Liability Insurance	AIG and others	Sep 08 - Aug 09	17,500 quarterly
Product Liability Insurance	AICCO	Sep 08 - Aug 09	5,971 monthly
General Liability and Property Casualty	Chubb	Oct 08 - Sep 09	7,716 quarterly
Auto	Chubb	Oct 08 - Sep 09	1,534 quarterly
Foreign Package	Chubb	Oct 08 - Sep 09	985 quarterly
Ocean Cargo	Chubb	Oct 08 - Sep 09	8,500 annually
Aircraft	AIG	Sep 08 - Sep 09	1,129 annually
Workers Compensation	Chubb	Oct 08 - Sep 09	33,813 annually

Footnotes:

- a. Gross accounts receivable reported on original schedule
- b. Gross inventory reported on original schedule
- c. Original schedule reported as estimated market value. Gross fixed assets and accumulated depreciation reported on monthly report.
- d. Notes payable is the postpetition interest accrued on term loan
- e. Prepetition Owners' Equity not included on original schedule
- f. Thielert receivable due to accounts payable offset and estimated 25% of non-Thielert receivables
- g. Estimated January 2009 expenses